

ADMINISTRATIVE PROCEDURES ACT  
ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
2010 HOUSING CREDIT PROGRAM QUALIFIED ALLOCATION PLAN  
SUMMARY OF SIGNIFICANT CHANGES

- Pursuant to Section 42(d)(5)(B)(v) of the Internal Revenue Code, the Authority designates the eligible basis of any qualified low-income new building will be increased by thirty (30%) if it is a building with a qualified Assisted Living development or located in:
  - i.) Any low-income county designated in currently applicable State Consolidated Plan (for 2010 application will be: Bradley, Chicot, Crittenden, Desha, Fulton, Jackson, Lafayette, Lee, Monroe, Newton, Phillips, Polk, St. Francis, Searcy, Sharp, Stone, and Woodruff; and
  - ii.) Any Arkansas county declared a disaster area pursuant to FEMA Disaster Notices #1744-DR; #1751-DR; #1758-DR; #1793-DR; and #1804-DR. These declarations include all counties in Arkansas other than Columbia, Ouachita, Polk and Sevier.
- Increase Assisted Living Set-Aside to \$1,250,000.
- Increase Public Housing Agencies' Set-Aside to \$600,000.
- New construction must be certified by a Home Energy Rating System rater as: 1) ENERGY STAR® rated; and 2) meeting a HERS Index Score of 70, if located in any county other than Baxter, Benton, Boone, Carroll, Fulton, Izard, Madison, Marion, Newton, Searcy, Stone and Washington , or, meeting a HERS Index Score of 78 if located in any of the foregoing identified counties.
- Operating Reserve and Replacement Reserve funds. The total development budget shall include:
  - (1) The funding of an Operating Reserve Fund equal to the greater of
    - a) Four (4) months of:
      - i) Projected annual operating expenses;
      - ii) Annual debt service payments; and
      - iii) Annual replacement reserve deposits
    - OR
    - b) The amount of operating reserves required by Applicant's lender(s) or equity investor(s).
  - (2) The funding and maintenance of a Replacement Reserve Fund equal to the greater of:
    - a) \$250.00 per unit per year;
    - OR
    - b) The amount of replacement reserves required by Applicant's lender(s) or equity investor(s).
- When applying the developer's fee to eligible basis, eligible basis must be proportioned separately reflecting that amount of the developer's fee attributed to the acquisition of existing buildings from that amount attributed to the rehabilitation costs. The amount attributed to the acquisition of existing buildings must be equal to or greater than the percentage that the acquisition costs of existing buildings is to the total development costs.

- Minimum Deb Cover Ratio. The development will be required to establish a minimum debt coverage ratio that is the greater of:
  - a. 1.10; or
  - b. The minimum debt coverage ratio required by any lender or investor providing a financial commitment to the applicant.
- Define “highly travelled” to mean: A road, street, or highway that is not an interstate will be considered highly travelled if its average daily traffic is 10,000 or above, as determined by the most recent State, County and City Annual Average Daily Traffic Maps published by the Arkansas State Highway and Transportation Department. An interstate is per se “highly travelled.”